

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2005

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HOUSE DRH10233-MA-50A\* (03/16)

Short Title: Renewable Fuels Motor Fuels Tax Exemption.

(Public)

Sponsors: Representative Hackney.

Referred to:

A BILL TO BE ENTITLED

AN ACT TO EXEMPT BIODIESEL, FUEL ALCOHOL, AND GASOHOL FROM  
STATE MOTOR FUEL EXCISE TAX TO HELP REDUCE DEPENDENCE ON  
IMPORTED PETROLEUM AND IMPROVE AIR QUALITY.

The General Assembly of North Carolina enacts:

**SECTION 1.** G.S. 105-449.60(7) reads as rewritten:

"(7) Diesel fuel. – Any liquid, other than gasoline, that is suitable for use as a fuel in a diesel-powered highway vehicle. The term includes ~~biodiesel~~, fuel oil, heating oil, high-sulfur dyed diesel fuel, and kerosene. The term does not include jet fuel sold to a buyer who is certified to purchase jet fuel under the ~~Code~~. Code or biodiesel."

**SECTION 2.** G.S. 105-449.60(15) reads as rewritten:

"(15) Gasoline. – Any of the following:

- a. All products that are commonly or commercially known or sold as gasoline and are suitable for use as a fuel in a highway vehicle, other than products that have an American Society for Testing Materials octane number of less than 75 as determined by the motor method.
- b. A petroleum product component of gasoline, such as naphtha, reformate, or toluene.
- e. ~~Gasohol.~~
- d. ~~Fuel alcohol.~~

The term does not include aviation gasoline sold for use in an aircraft ~~motor~~. motor, gasohol, or fuel alcohol. 'Aviation gasoline' is gasoline that is designed for use in an aircraft motor and is not adapted for use in an ordinary highway vehicle."

**SECTION 3.** G.S. 105-449.81(3a) is repealed.

1           **SECTION 4.** G.S. 105-449.83A is repealed.

2           **SECTION 5.** G.S. 105-449.88 reads as rewritten:

3   "**§ 105-449.88. Exemptions from the excise tax.**

4       The excise tax on motor fuel does not apply to the following:

5           (1) Motor fuel removed, by transport truck or another means of transfer  
6           outside the terminal transfer system, from a terminal for export, if the  
7           motor fuel is removed by a licensed distributor or a licensed exporter  
8           and the supplier of the motor fuel collects tax on it at the rate of the  
9           motor fuel's destination state.

10          (1a) Motor fuel removed by transport truck from a terminal for export if the  
11          motor fuel is removed by a licensed distributor or licensed exporter,  
12          the supplier that is the position holder for the motor fuel sells the  
13          motor fuel to another supplier as the motor fuel crosses the terminal  
14          rack, the purchasing supplier or its customer receives the motor fuel at  
15          the terminal rack for export, and the supplier that is the position holder  
16          collects tax on the motor fuel at the rate of the motor fuel's destination  
17          state.

18          (2) Motor fuel sold to the federal government for its use.

19          (3) Motor fuel sold to the State for its use.

20          (4) Motor fuel sold to a local board of education for use in the public  
21          school system.

22          (5) Diesel that is kerosene and is sold to an airport.

23          (6) Motor fuel sold to a charter school for use for charter school purposes.

24          (7) Motor fuel sold to a community college for use for community college  
25          purposes.

26          (8) Motor fuel sold to a county or a municipal corporation for its use.

27          (9) Biodiesel, fuel alcohol, and gasohol."

28       **SECTION 5.** The Department of Revenue shall report to the Revenue Laws  
29       Study Committee on an annual basis the fiscal impact of the tax exemption for  
30       biodiesel, fuel alcohol, and gasohol.

31       **SECTION 6.** This act becomes effective July 1, 2005.